ACMA
(Western Region)

Press Reports on Automotive Industry 2022-23

Automotive Component Manufacturers Association of India
(Western Region)
Mumbai

ACMA

(Western Region)

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PRESS REPORTS ON AUTOMOTIVE INDUSTRY

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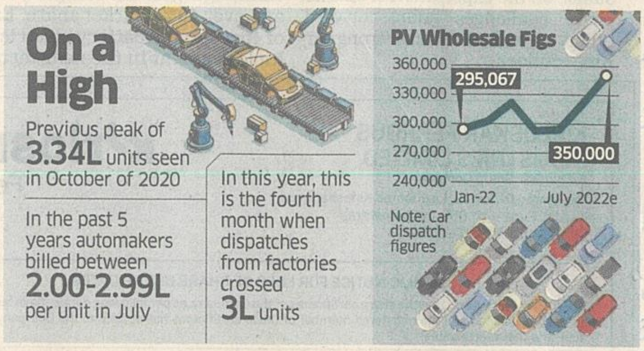
PRESS REPORTS
ON
AUTOMOTIVE INDUSTRY

The Economic Times 29th July 2022

Car Cos Rev up on Chip Supplies, July Dispatches to Hit a Record

Indian PV dispatches seen at 3.5L units in July on back of economic recovery, high demand

Ketan Thakkar & Ashutosh R Shyam



Mumbai: India's passenger vehicle industry is set to post its best ever monthly dispatches from factories in July, as improving chip supply helps them accelerate delivery of cars and SUVs to some 700,000 waiting customers. According to several industry executives and experts, passenger vehicle dispatches in July are estimated at around 350,000 units, valued at around ₹25,000 crore.

It is a significantly high number for what usually is a lean month. The previous peak of 334,000 units was recorded in October of 2020. In the past five years, automakers billed between 200,000 and 299,000 units in July, with the highest in 2017. Supplies in the Indian car market had for almost a year been unable to meet increasing demand for personal mobility, creating a large backlog. Automakers had to cut down on production due to a shortage of semiconductors. With supplies of chips improving, these companies are now increasing output.

Shashank Srivastava, senior executive director at market leader Maruti Suzuki, said the dispatches this month would likely be among the highest seen in the industry, though retail sales might not be that high.

"Dispatches can't be a reflection of real demand and that has been the case for the last one year or so in the supply-constraint environment. In July, most of the carmakers are satiating the pending bookings," he said, without disclosing any numbers. "While new launches continue to invite higher bookings, the older models have started witnessing some kind of softening due to macroeconomic parameters of interest rate, inflation, fuel prices, among others. In Maruti's case our position has strengthened due to two new SUVs," he added.

India's top five carmakers are expected to contribute 80-83% to the total volume of the industry for July 2022, and the largest carmaker's share is estimated to be 41-43%. In 2022, this is the fourth month when dispatches from factories have been more than 300,000 units. The average volume for the past one year was 277,454 units.

VOLUME CONTRIBUTION

Top 5 carmakers expected to contribute 80-83% of total volume of the industry for July

So far in FY23, the average wholesale number is around 314,000 units a month and if this trend sustains, it will translate into a total volume of 3.7 million vehicles this year — an expansion of 24% from 2021. The light vehicle output in India is set to cross its previous peak in 2022, said S&P Global on the back of sustained demand.

Gaurav Dangal, associate director, light vehicle production forecasting, at S&P Global Mobility said with the improvement in semiconductor supply, the consultancy firm had raised its market growth forecast for 2022 to 17-20% from 13%. "The strong backlog in the domestic market and increased export numbers allowed India to sustain the robust numbers. H1 2022 posted growth of 3% in comparison to H1 2018, and we expect CY 2022 will be the best ever year for Indian light vehicle production," he added.

Business Line 29th July 2022

More price hikes ahead as auto cos move to recoup margins

SWARAJ BAGGONKAR
Mumbai, July 25

Vehicle buyers need to brace for more price hikes in the coming months, as manufacturers look to recoup some of the margins lost during the June quarter despite the slight let-up in raw material cost pressures in recent weeks.

Auto component manufacturers and tyre producers have already included the revised pricing in their cost planning for the current quarter, which they intend to recover from vehicle makers. These hikes will come into effect from August. Several such companies have started renegotiating supply contracts with automakers.

Anant Goenka, Managing Director, Ceat, said: "There is always a lag in price increases, so we do expect some price increases to come in Q2. We have already taken an increase in July, and we are looking to take hikes in August and September." The Mumbai-based tyre maker raised prices by 1-10 per cent on two-wheelers and three-wheelers; 2 per cent on passenger vehicles; and 2-3 per cent on commercial vehicles this month.

Automotive dealers selling two-wheelers, cars and sports utility vehicles (SUV) have been already informed of the hike in the coming month.

"PV dealers indicated that a further price hike of 1-2 per cent will be taken in August before the beginning of the key festive season. Discount levels continue to remain negligible. There have been price increases in the last few days across the entry segment and premium motorcycles," said Nirmal Bang in a report.

Tyre producers plan to hike prices, which they intend to recover from vehicle makers

Sluggishness in demand

Despite the severe sluggishness in demand, two-wheeler makers have not shied away from price hikes. Hero MotoCorp, India's largest two-wheeler maker, hiked prices by around ₹3,000 in July, while TVS Motor Company had hiked prices in June. Royal Enfield hiked prices by around ₹4,000-5,000 in May.

Automakers across segments have increased prices at least three times since the start of January; however, the quantum of the increase pales in comparison to the hike in raw material costs seen over the past several months. Maruti Suzuki, Tata Motors and Mahindra & Mahindra have carried out multiple price hikes thus far, to offset the cost pressure ranging from 0.55 per cent to 2 per cent.

"There has been an 18-20 percent hike in commodity costs. Which manufacturer has taken that kind of price hike? When we started the year, we expected the year to be benign. But the Russia-Ukraine war led to a huge spike [in input costs], and it is only that spike which has got corrected now," said a top executive of a leading SUV maker.

While price of raw materials make up an important component in the cost pie, rupee depreciation, cost of transportation and increased cost of power, have been putting added pressure of cost inflation.

Robust booking orders

Analysts say the planned price hike won't have a steep impact on demand for cars and SUVs, as the industry is sitting on robust booking orders, which is only set to head north closer to the festival days. Two-wheeler demand, however, could further soften and can only be revived with a bountiful monsoon and a healthy pick-up in demand.

Business Line 29th July 2022

'Global uncertainty won't affect near-term demand'

JLR CFO Mardell says starting to break through production issues

SWARAJ BAGGONKAR
Mumbai, July 28

The two brands, Jaguar and Land Rover, claim to be sitting on an order bank of around 200,000 units

The geopolitical tension in Europe and escalating lockdowns in China over rising Covid-19 cases notwithstanding, Tata Motors believes that demand for its luxury British brands — Jaguar and Land Rover — won't be affected in the near term even as its own struggle to bring supplies on par with demand continues.

In retaliation to Western sanctions, Moscow has halted or reduced deliveries of gas to more than a dozen European Union countries. Germany could lose 1.5 per cent of its GDP in 2022 and 2.7 per cent in 2023, the International Monetary Fund warned last week. GDP of some Central and Eastern European countries could also shrink by as much as 6 per cent. While such disruptions could ideally likely lead to lower demand for luxury cars, Jaguar Land Rover believes that, given its strong order book and upcoming launches, demand won't be an issue. The two brands claim to be sitting on an order bank of around 200,000 units.

'Not worried'

"Demand is not something we are worried about," PB Balaji, Chief Financial Officer, Tata Motors, told *BusinessLine*, adding that the premium luxury market should be seen distinct from the larger economy. " JLR being a premium luxury player, sitting with a very strong order book and a pipeline of excellent launches — at this point, we do not see any stress in demand from any part of the world," he added.

"The underlying demand has weakened in recent months as the economic outlook (of western Europe) has deteriorated," said LMC Automotive in their July report.

China, US concerns

JLR's other significant global market is China which generates one-fourth of its retail volumes. While Tata Motors agreed that footfalls in JLR showrooms did take a hit because of the lockdowns, the sales outlook for China is upbeat given the expected improvement in supply chain.

China and the US are huge markets for the Range Rover and the Range Rover Sport; the supplies of which were severely constrained. "We have been the weakest in regions (US and China) ... because of our inability to ramp those products up at the speed we would have wished," Adrian Mardell, CFO, JLR, said.

The June quarter mix was weak for JLR with the Range Rover contributing just about 8 per cent of 70,000 units. However, between the Range Rover and Range Rover Sport, JLR's order bank stands at 40 per cent. "We are starting to break through the production issues and we can now see the light at the end of a very long tunnel. A lot of that is not reflected in Q1 and that is why we are disappointed and frustrated," Mardell added.

Business Line 28th July 2022

Automakers seek price cut from steel mills

ABHISHEK LAW
New Delhi, July 27

India's carmakers are negotiating a ₹8,000-9,000 per tonne price reduction, over the last quarter, in automotive steel, those aware of the matter say. Auto OEMs cite sluggish demand in the auto sector, and a fall in steel prices, including reduced coking coal prices, as key reasons.

The price reduction sought from mills is for deliveries due in July-September (Q2FY23). If accepted by mills, price of automotive steel or flats will go down by ₹2,000-3,000 per tonne (net), on a six-month basis (April to September period). Negotiations are expected to close by the end of this month.

Quarterly contracts

India's steel mills and auto OEMs have shifted to quarterly contracts beginning April. This was done to counter the high volatility in steel prices at that point in time.

The previous contracts (October 2021-March 2022) had closed with an increase of ₹3,800 per tonne in hot rolled coils (HRCs) and ₹4,000 per tonne in cold rolled coils. Mills had reverted to half-yearly contracts from October last year.

The benchmark HRC price is currently at ₹59,500 per tonne, down around 3 per cent, month-on-month (m-o-m). Prices were at ₹61,200 per tonne in June.

Cold rolled coil prices — the prime offering for auto-makers — are down nearly 2 per cent, m-o-m, to ₹67,900 per tonne from ₹68,900 in June. Rebar prices, too, saw a near 2 per cent decline to ₹57,900, m-o-m.

Index-based pricing

According to a steel mill official and one of the largest suppliers to the auto OEMs, an index is generally followed to price the offerings. Different mills follow different price indexation methods.

People who were part of the price discussions told *BusinessLine* that auto OEMs accepted a price increase of ₹5,000-7,000 per tonne over the base for April-June deliveries. This was supported by mills pointing to the higher cost of production, particularly coal costs, during this period.

However, for Q2 deliveries, OEMs point to factors like lower cost inflation and slowing demand for negotiating a ₹8,000-9,000 lower price over Q1. Thus, the net decrease that mills could see is to the tune of ₹2,000-3,000.

Contracts for long products were closed at ₹9,000-10,000 per tonne upwards of the base for the April-June period; while the price in July-September is ₹4,000-5000 lower than the previous hike. Thus, on a six-month basis, the price increase is around ₹4,000. Long products account for less than 20 per cent of the automotive steel consumption in India.

The Economic Times 22nd July 2022

Automakers' Capex Set to Cross $3 b This Fiscal

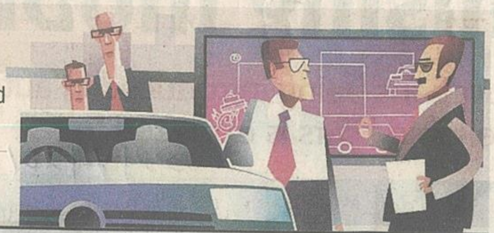
Capex to grow 24% YoY, surpass pre-Covid peak of ₹26,800 cr, estimates Axis Capital

Ketan Thakkar & Ashutosh R Shyam

IN TOP GEAR

Auto capex may surpass pre-Covid peak of ₹26,800 cr in FY20

Investment growth is second highest among mfg cos



M&M and Tata Motors have increased capital allocation for FY23

Tata Motors has raised it to ₹6,000 cr

M&M's perks it up to ₹6,000 cr

Mumbai: As the economy gains momentum and the vehicle output witnesses a new record, the automotive market leads the manufacturing capex in FY23.

The automotive market capex is set to cross $3 billion or ₹27,000 crore for FY23, posting a growth of 24% as per the estimates by Axis Capital. The forecasted capital investment of auto companies in FY23 will surpass the pre-Covid capex peak of ₹26,800 crore of FY20.

The growth is second highest after the metal sector and third highest among the manufacturing companies. The overall capex of 75 manufacturing companies is expected to increase 13% to ₹1.6 lakh crore.

Auto sector's cumulative capital allocation was north of ₹50,000 crore in FY19 and FY20 and it dropped by 27% for FY21 and FY22 to ₹37,841 crore as demand tapered off due to Covid.

The auto sector capex upgrade is mainly led by the higher capex allocation of Mahindra & Mahindra and Tata Motors, which together increased capex spent by around ₹4,000 crore from the previous fiscal.

Tata Motors raised its capex spending to ₹6,000 crore for the current fiscal from ₹3,500 crore in FY22, while M&M's investment perked up to ₹6,000 crore in FY23, a gain of ₹1,500 crore over the last year.

India's largest car maker Maruti Suzuki typically spends around ₹4,500-5,000 crore on capex every year, while listed three two-wheelers companies deploy around ₹500-800 crore per year on the capital spending.

Two-wheeler makers too have intensively increased their capital allocation to EV products and technologies as they are increasing production capacity. TVS Motor & Bajaj Auto will be having more than one million of EV installed capacity by the end of the current fiscal.

Given the strong revival in demand and push towards electrification, the annual budgets of the majority of the companies are on the higher side.

Both homegrown auto makers Tata Motors and Mahindra & Mahindra infact spiked their investment plans. Tata Motors annual investment grew by 30%, whereas Mahindra increased its mid-term investment plan by 25%.

Manoj Bhatt, the Group CFO at Mahindra & Mahindra post the Q4 post earnings conference said, "Considering the strong demand, M&M is witnessing the models that have been built into capex projections going forward. We are going to increase capacity in XUV 700 and other models. As for Farm we are setting up a new plant and the increased capex is towards the new facility," added Bhat.

P B Balaji, Group CFO at Tata Motors recently said, the demand environment is robust and the businesses will be well funded to transition to the EV roadmap.

Business Line 29th July 2022

India may open up lithium mining in batteries quest

BLOOMBERG

July 28

India is seeking to change laws to allow private miners to extract lithium, the key ingredient for batteries used in in electric vehicles and energy storage, as the nation aims to be more self-sufficient in green technologies.

The Centre wants lawmakers' approval for amendments to existing policies in the current session of Parliament, according to people familiar with the plans. Eight minerals, including lithium, beryllium and zirconium will be removed from a restricted list that currently prohibits production by private companies.

The changes will allow the government to auction permits to exploit lithium reserves, the people said, asking not to be named as the matter is not yet public.

They are also aimed at reducing India's dependence on imports for some key minerals, and to put the country in a better position to compete in the lucrative battery supply chain.

A Ministry of Mines spokesperson didn't immediately respond to a request for comment.

Carbon neutral goal

India wants to add local manufacturing of a swathe of zero-emissions technologies as it chases a target of becoming carbon neutral by 2070 and to capture opportunities from the global transition to cleaner energy.

The nation has pledged to build 500 gigawatts of clean power capacity by 2030, and the deployment of huge volumes of battery storage is seen as vital to enable round-the-clock use of renewables.

Government agencies have been exploring for lithium and discovered a small resource at a site in Karnataka , according to the Ministry of Mines. Still, to produce lithium at any meaningful scale and reduce reliance on imports, India would need to find and develop further deposits.

Australia and Chile currently dominate raw materials output, while China is the world's largest refiner.

India's imports of lithium-ion batteries jumped 54 per cent from a year earlier to $1.83 billion in the year ended March, Trade Ministry data show. Almost 87 per cent of the purchases came from China and Hong Kong, despite India's efforts to shun imports from its northern neighbour.

The Economic Times 19th July 2022

PLI Proposal: Hyundai says HGM is Not its Arm

Govt sets up team to vet plan given by Hyundai Global Motors to set up battery making unit

Case of Misrepresentation

Four cos including **HGM** were selected under **PLI scheme** earlier in **March 2022**

If **HGM** is disqualified, next co on the waitlist is likely to be awarded the bid

However, Hyundai has informed govt that HGM has wrongly utilised its trademark and logo

HGM website says it exports **knocked down buses, airbag inflators** & **lithium electric batteries**

Sharmistha.M@timesgroup.com

New Delhi: The government is examining the proposal submitted by Hyundai Global Motors (HGM) to set up battery manufacturing facility in India under the ₹18,100-crore Production Linked Incentive (PLI) Scheme for advanced chemistry cells (ACC) with South Korean auto major Hyundai Motor Company (HMC) and its Indian subsidiary Hyundai Motor India (HMIL) stating HGM has wrongly utilised its trademark, tradename and logo and made misrepresentations before authorities in the country.

Senior government officials ET spoke to informed a full-fledged team has been set up to consider the representation made by Hyundai, and a decision will be taken shortly.

"The matter is under review. We are consulting with the legal team. A decision will be taken shortly," a senior government official said on condition of anonymity.

Four companies – Rajesh Exports, Hyundai Global Motors, Ola Electric Mobility and Reliance New Solar Energy – were selected as beneficiaries under the PLI scheme for advanced chemistry cell battery storage, earlier in March 2022. Another five companies – Mahindra & Mahindra, Exide Industries, Larsen & Toubro, Amara Raja Batteries, India Power Corporation Limited - were put on waitlist.

In the event, HGM is disqualified, the next company on the waitlist is likely to be awarded the bid, said a person aware of the development.

Hyundai Motor Company, along with its subsidiary Hyundai Motor India, has intimated the government that Hyundai Global Motors is not a subsidiary, group company or an affiliate of Hyundai Motor Company, South Korea (HMC) or Hyundai Motor India (HMIL).

In response to a query from ET, a Hyundai official said, "It has come to the notice of Hyundai Motor Company and HMIL that a company by the name of Hyundai Global Motors, South Korea has misrepresented itself and used these trademarks in the course of its business activities in India, which is a violation of the intellectual property rights of Hyundai Motor Company and HMIL. Hyundai Motor Company and HMIL would therefore like to clarify that we do not have any connection, whatsoever, with Hyundai Global Motors, South Korea and the latter is neither our affiliate, group company or a subsidiary, and therefore we are in no way liable for its actions in this regard."

Business Line 27th July 2022

Vedanta, Foxconn to invest in semiconductor unit near Pune

OUR BUREAU

Pune, July 26

The Vedanta group and Foxconn will jointly invest in a semiconductor and display manufacturing unit at Talegaon, near Pune on a 1,000-acre parcel of land.

According to a State government press release, the joint venture will invest ₹1-lakh crore in display fabrication, ₹63,000 crore in semiconductors, and ₹3,800 crore in semiconductor assembly and testing facilities.

A delegation, comprising Vedanta and Foxconn representatives, met Chief Minister Eknath Shinde and Deputy Chief Minister Devendra Fadnavis in Mumbai regarding the project. Shinde assured the delegation that the State government will fully cooperate and support the project. He said that the investment will give a major boost to the State's income and also generate employment.

In February this year, a team from Vedanta visited Pune to survey the feasibility of setting up the electronic chip plant.

Vedanta Group firms had applied to set up the semiconductor and display manufacturing units under the government's Production Linked Incentive scheme.

Widening manufacturing

In order to widen and deepen electronic manufacturing and ensure the development of a robust and sustainable semiconductor and display ecosystem in the country, the Union Cabinet approved the Semicon India Programme with an outlay of ₹76,000 crore in December 2021.

The Indian semiconductor market is estimated to grow over four-fold to $ 63 billion by 2026. The Semicon India Programme, has received five applications for semiconductor and display fabs with a total investment to the tune of $20.5 billion (₹153,750 crore).

Vedanta-Foxconn; IGSS ventures pte, Singapore; and ISMC were among the first to submit applications for projects under the scheme.

PRESS REPORTS
ON
ELECTRIC VEHICLE

Business Standard 19th July 2022

Ola to invest $500 mn in EV battery R&D unit

State-of-the-art battery innovation centre in Bengaluru to be world's largest

PEERZADA ABRAR
Bengaluru, 18 July

CORNERSTONE OF CORE CELL TECH

- **BIC will be one of the world's largest and most advanced cell R&D facilities,** with more than 165 'unique and cutting-edge' lab equipment
- The centre will be capable of developing **complete packages of battery pack design, fabrication, and testing under one roof**
- **BIC will also be equipped with in-house production capability** of mg to kg scale of anode and cathode material, integrated facility for hand-in-hand nanoscale analysis, molecular dynamics simulation, and in-house crystal structure analysis to develop new battery material

Ola Electric, the ride-hailing firm's electric vehicle arm, is investing about $500 million for setting up its battery innovation centre (BIC) in Bengaluru. Bhavish Aggarwal-led Ola said that BIC will be one of the world's largest and most advanced cell research and development (R&D) facilities with more than 165 'unique and cutting-edge' laboratory equipment to cover all aspects of cell-related R&D. The company didn't reveal the time period for the investment. But, according to sources, it is three to five years.

In India, SoftBank-backed Ola is now in direct competition with electric two-wheeler makers like Ather Energy, Hero Electric, Bajaj, TVS Motor Company, Bounce, and Boom Motors. The firm also has plans to launch electric cars, motorcycles, sport utility vehicles, and robotaxis.

"Electric mobility is a high-growth sector — one which is R&D intensive," said Aggarwal, founder and chief executive officer (CEO), Ola Electric, adding, "Ola's BIC will be the cornerstone of core cell technology (tech) development and battery innovation out of India for the world."

Ola said BIC will have the wherewithal to develop complete packages of battery pack design, fabrication, and testing under one roof.

It will also be equipped with an integrated facility for hand-in-hand nanoscale analysis, molecular dynamics simulation, and an in-house crystal structure analysis to develop new battery material.

Ola's BIC will recruit top global talent, including 500 engineers who will be supported by an additional 1,000 researchers in India and multiple global centres. The firm will also be working with various Indian Institutes of Technology in the country.

Ola said BIC will have high-tech research equipment, including X-ray photoelectron spectroscopy machines and Gen 3 CT scan equipment for non-destructive testing for cell and pack imaging.

Ola recently unveiled its first Li-ion cell, nickel-manganese-cobalt 2170.

Built in-house, Ola will begin mass production of its cell from its upcoming Gigafactory by 2023. It expects the current cell cost of $150/ kilowatt-hour (kWh) to reduce to $100/kWh as it moves this in-house from its current vendor — LG Chem. The company expects this move to lead to a 10-20 per cent reduction in the total cost and an 8.5 per cent improvement at the earnings before interest, tax, depreciation, and amortisation level, according to the KIE report.

In order to achieve these objectives, the company has managed to obtain the incentives under the advanced chemistry cell production-linked incentive to set up 20 gigawatt-hour of annual capacity. This is expected to enable the company to control its costs further.

This year, Ola Electric invested in an Israeli battery tech company StoreDot — a pioneer in batteries with extreme fast-charging (XFC) tech. The investment in StoreDot is the first of several global strategic investments planned by Ola Electric.

The Economic Times 20th July 2022

TVS Lines Up Fresh Investments in EV Push

Co to invest ₹1k crore, a chunk of which will go into doubling its EV capacity to 25k units a month this year

Ketan Thakkar & Ashutosh R Shyam

Mumbai: In a bid to move towards significant transition to electric vehicles, TVS Motor Company has committed ₹1,000 crore investment for the current financial year, a significant chunk of which will go into capacity expansion and building of EV product portfolio.

This is second consecutive year of ₹1,000 crore investment lined up by the two-wheeler major from South India, a part of which will go into doubling its EV production capacity to 25,000 units a month by the end of this year and further increasing it to 50,000 units a month in the following year – taking up the annual production capacity to 5-6 lakh units per annum.

Sudarshan Venu, MD of TVS Motor, told ET that the direction is clear; the company expects EVs to account for 30% of the scooter market and 35% of the three-wheeler market by 2025 and it is investing to grasp that opportunity.

"I think the electric vehicles are at the front end of our investment, there is a huge focus and higher mix of our investment towards EVs in the coming years. A significant part of ₹1,000 crore investment announced has been substantially invested, we will continue to invest at a similar pace in the coming years," added Venu.

TVS Motor is increasing its investment allocation to capitalise on rising penetration of electric vehicles by hiking its investment in overseas subsidiaries for the second year in row.

The company invested close to ₹1,100 crore via its arm TVS Singapore, of which around ₹750 crore was into SEMG, which TVS acquired last year, ₹130 crore in EGO Corporation and balance in Norton Motorcycle. The total investment in TVS Singapore reached ₹1,892 crore in FY22, compared with ₹809 crore a year ago, according to the company's annual report of FY22.

BIGGER PLAY

A significant part of ₹1,000 crore investment has been substantially invested, we will continue to invest at a similar pace in the coming years

SUDARSHAN VENU
MD, TVS Motor

A sharp rise in the investment resulted in the company's free cash flow turning negative despite operating performance improving substantially on higher volume and better cost efficiencies, underlining bullishness on part of the company to aggressively pursue high investments and market outperformance.

Apart from investment in subsidiaries, TVS Motor pumped in around ₹730 crore as capital expenditure in FY22, a growth of 31% YoY. So, cumulatively it invested close to ₹2,100 crore on capital expenditure and investment in FY22.

Its recently launched upgraded iQube has received very good response and has a healthy order backlog; with the expansion of capacity and sales touchpoints, it is ready for a production of 25,000 units a month by the end of 2022.

The EV product action will continue. There is one more EV lined up for the second half of the year, the MD of TVS assured.

Business Line 20th July 2022

Murugappa Group's EV arm buys electric truck start-up IPL Tech for ₹246 crore

TI Clean Mobility set to launch electric 3-wheelers, has forayed into e-tractors

OUR BUREAU
Chennai, July 19

Murugappa Group's engineering firm Tube Investments of India has announced that its clean mobility arm TI Clean Mobility Private Ltd (TICMPL) has picked up a majority stake in Gurgaon-headquartered IPL Tech Electric Private Ltd, a three-year-old electric heavy commercial vehicle start-up, for ₹246 crore.

The acquisition by TI Clean Mobility marks its entry into a new segment — commercial vehicles.

While the company is in the process of launching its electric three-wheeler, it has also made a foray into the electric tractor segment in January by picking a majority stake in Cellestial E-Mobility, a manufacturer of electric tractors.

IPL Tech Electric claims to be the first Indian company to manufacture electric heavy commercial vehicles

Clean mobility

In line with its vision to pursue clean mobility, TI Clean Mobility has signed definitive agreements to acquire about 65 per cent equity in IPL Tech Electric through a combination of primary and secondary purchases of shares totalling ₹246 crore, according to a statement.

Expanding footprint

"The acquisition of IPL Tech Electric has expanded our footprint in the clean mobility space and gives us a first mover advantage in this segment. We have taken another important step to further our vision of improving quality of life through eco-friendly mobility solutions and to drive our ESG goals," said Arun Murugappan, Chairman of Tube Investments of India. IPL Tech Electric claims to be the first Indian company to manufacture electric heavy commercial vehicles. With a range of 185 km, its first electric truck Rhino 5536 was launched in 2019 and is designed to run on all-weather condition roads. In FY22, the company posted revenues of ₹13 crore (₹23 crore in FY21).

The acquisition is expected to be completed on or before October 31, 2022, subject to fulfilment of the conditions set in the agreements.

Investment in mobility arm

Alongside this investment, the board of Tube Investments has approved a further investment of up to ₹150 crore in the equity share capital of TI Clean Mobility and providing it an inter-corporate deposit of an amount not exceeding ₹100 crore.

Business Line 27th July 2022

Consumer protection body issues notices to EV-makers on fire incidents

CCPA working on guidelines to prevent fake, paid reviews on portals

OUR BUREAU

New Delhi, July 26

The Central Consumer Protection Authority (CCPA) has issued notices to several electric vehicle makers taking *suo motu* cognisance of recent incidents of fires and exploding batteries. It is also working on guidelines to check on misleading fake and paid reviews to protect consumer interest.

Notices to 4-5 EV makers

Nidhi Khare, Chief Commissioner of CCPA, said, "We have sent notices to 4-5 companies seeking an explanation for these incidents, and questioned them as to why action should not be taken against them for unfair trade practices. Since other Ministries and government departments are also involved, we will

examine the DRDO report on electric vehicles," she said. The hearing on these notices is expected to commence soon.

Tackling fake reviews

"Fake reviews have emerged as a key concern especially in sectors such as white goods, food and beverages, and travel and tourism. We have set up a committee to look into this issue and two meetings have already taken place. We have also asked for suggestions from stakeholders. We will be issuing guidelines so that consumers do not get cheated," Khare added.

Recently, the Delhi High Court stayed CCPA's service charge guidelines. "We are examining the order and will take appropriate steps," said Khare.

Misleading promos

The Authority is also likely to bring out guidelines in the form of FAQs on social media advertising to guide influencers to check on false and misleading product promotion. CCPA is also looking to expand its countrywide campaign on ensuring enforcement of quality control orders on consumer durables such as geysers, immersion water heaters, domestic gas stoves, microwave ovens and sewing machines.

It is mandatory for makers of such products to conform to the Bureau of Indian Standards (BIS) norms. It has already been running a similar countrywide campaign to check on substandard helmets, pressure cookers and LPG gas cylinders.

Business Line 26th July 2022

Auto Ignition in pact with Volektra for advanced EV powertrain systems

G BALACHANDAR

Chennai, July 19

Auto Ignition Ltd, an auto parts maker under the brand name Autolek, has entered into an exclusive technology agreement with Volektra GmbH of Germany to produce advanced, connected and highly efficient drivetrain systems for the electric mobility segment in India.

The proposed agreement will see an investment of ₹100 crore by the Indian company.

Volektra offers high-performance electric drivetrain platforms as easy-to-install kits and its VSAC tech (Volektra Smart and Connected) enables the conversion of all types of existing vehicles into efficient electric vehicles.

With this tie-up, Auto Ignition will get access to the German-engineered drivetrain technology that will be customised for the Indian market.

With this tie-up, Auto Ignition will get access to the German-engineered drivetrain technology that will be customised for the Indian market.

Just-in-time solutions

"With Volektra's cutting-edge technology and adaptive interface and Autolek's strong OE presence and a nationwide network of over five hundred dealers, the company is fully geared to provide just-in-time solutions anywhere in the country," said Ishaan Sarine, Managing Director, Auto Ignition.

Auto Ignition is preparing to launch its new products from its facility in Kanuvai, Coimbatore to meet the burgeoning demand for quality EV motors, controllers and axles for two and three-wheeler markets.

While the new venture offers a revenue potential of ₹1,000 crore, the company expects its overall revenue to hit ₹2,000 crore in five years.

Business Line 26th July 2022

EV firm WardWizard plans multi-pronged strategy for Joy ride at home, abroad

G BALACHANDAR

Chennai, July 25

WardWizard Innovations & Mobility Ltd, the first BSE-listed electric two-wheeler manufacturer, is planning a multi-pronged strategy for growth in domestic and export markets as electric vehicle adoption shifts into overdrive.

The company now offers about a dozen electric two-wheelers under the brand Joy e-bike. It sold 2,125 units of low-speed scooters and high-speed electric motorcycles in June 2022 (938 units in June 2021).

In Q1 of this fiscal, it sold 8,267 units, clocking more than a three-fold increase, compared to Q1 of FY22.

More dealerships

As the company gears up to launch four high-speed electric bikes and foray into the electric three-wheeler segment, it plans to ramp up the number of dealerships to 1,500 in the next two years, from 550-plus now across 18 States. It will further aim at strengthening its position in its key markets such as Gujarat, Maharashtra, Kerala, Karnataka, Madhya Pradesh and Rajasthan which make up about two-thirds of its volumes.

Yatin Gupte, CMD

Yatin Gupte, Chairman and Managing Director of the company, told *BusinessLine* that electrification in the two-wheeler segment was one the most important things for the Indian automobile market.

Increased production

The company has doubled production capacity to two lakh units at its factory in Vadodara. However, the factory is equipped to produce 4-6 lakh units a year on three shifts. It will also set up an assembly facility that will cater to markets in the eastern and northern regions, a move that will help cut the logistics costs. To ensure long-term supply chain resilience, the company is even developing an EV ancillary cluster in Vadodara for parts makers to put up their production units under one roof, by offering land, people resources and other critical resources.

Export shipments are expected to commence next fiscal.

With a sale of 30,761 electric two-wheelers, it clocked revenue of ₹185 crore in FY22, up from ₹39 crore in FY21. While its EBITDA was at ₹14.5 crore, the zero-debt company recorded a net profit of ₹8.5 crore in FY22.

PRESS REPORTS
ON
TWO – THREE WHEELERS

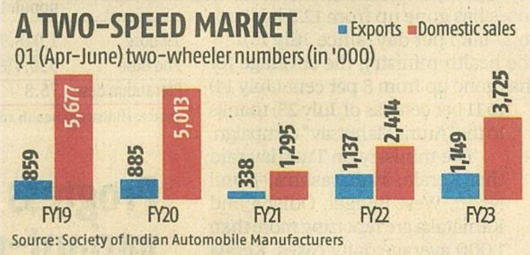
Business Standard 27th July 2022

Two-wheeler makers hitch a ride on exports

The domestic slowdown and growing acceptability of Made-in-India brands offer opportunities to accelerate the drive to global markets

SHALLY SETH MOHILE
Mumbai, 26 July

An unexpectedly robust export performance and a sluggish domestic market have encouraged two-wheeler manufacturers to aggressively accelerate on the international expansion route in the coming years. They plan to make deeper inroads into traditional markets but also explore newer ones. Their ability and confidence to do so reflect a critical change in perception and acceptability of Made-in-India brands, allowing domestic two-wheeler makers to potentially earn higher margins by looking beyond the sub-continent.



The race is on. In the June quarter of FY23, overseas shipment of motorcycles and scooters jumped to 11,49,000 units, the highest since the June quarter of FY19, according to the Society of Indian Automobile Manufacturers (Siam). This acceleration was in sharp contrast to the domestic volumes, which plunged to the lowest in four years, Siam added.

"With the domestic market slowing down amid a structural slowdown and an electric vehicle push by the government, exports are inevitable," said Hemal Thakkar, director, CRISIL Research. An idea of two-wheeler companies' capacity under-utilisation can be had merely by looking at the domestic sales numbers, Thakkar added — 21 million units in FY19 and 13 million in FY22.

To be sure, companies are borrowing from the playbook of Bajaj Auto that has established itself as a poster boy of two-wheeler exports with record overseas sales of 2.5 million motorcycles in FY22. Bajaj Auto, which has its position firmly entrenched as the country's largest motorcycle exporter selling in over 70 markets outside India, is now looking to strengthen its position in the markets in which it already has a presence. As part of the strategy, the company established various wholly-owned subsidiaries in some of the key export destinations, according to the company's latest annual report. For instance, it recently established a wholly-owned subsidiary in Thailand. This was to pave the way for an International Business Centre (IBC) that will oversee sales in the ASEAN region. An Engineering Design Centre (EDC) will also come up under this subsidiary. The centre marks a new beginning for Bajaj Auto's R&D, expanding its design centre to trend-defining markets around the globe, the company said. The group also incorporated Bajaj Auto Spain S.L. as a wholly-owned subsidiary in Barcelona. An EDC and a subsidiary in Brazil are also on the cards this fiscal.

Meanwhile, Hero MotoCorp, the Pawan Munjal-led firm, targets tripling its revenue share from exports by 2024-25. This would be led by a continuous expansion into new markets and consolidating presence in the existing ones. It also plans to undertake market-specific product expansion as part of the so-called R4 strategy (revitalise, recalibrate, revive, revolutionise), according to the company's latest annual report.

Weakening of most currencies against the dollar and persistent inflation may play spoilsport for Indian two-wheeler makers

This means drawing up plans to "strategically enter new, developed and fast-growing economies and forging more partnerships to drive growth", the company said. It's also working on consolidating its presence and increasing its market share through network expansion, brand-building and focusing on retail finance in its top six markets — Bangladesh, Sri Lanka, Nepal, Nigeria, Colombia and Guatemala.

Compared to Bajaj Auto, TVS Motor and Royal Enfield, Hero MotoCorp has been a late entrant in export markets. This was primarily because the erstwhile Hero Honda joint venture could not export motorcycles beyond the Indian sub-continent as part of its agreement with Honda Motorcycles. It was only after the 26-year partnership with the Japanese two-wheeler maker came to an end in March 2011 that Hero was able to consider exports beyond the region.

After years of struggle, intense competition from homegrown peers, Japanese and Chinese manufacturers, Hero has been able to make some headway. Hero's exports jumped 57 per cent year-on-year in FY22 to 300,624 units against 191,609 units.

Last year, it started retail sales in Mexico and introduced an extensive portfolio of products as well, as in Argentina and Nicaragua. It has also strengthened its presence in the strategically important Gulf region by expanding the dealer network there. For Nigeria, it has launched the "Hunter", a motorcycle developed especially for that market.

TVS Motor, under Sudarshan Venu who was recently appointed managing director, has also made rapid strides in the export markets. The company exported 190,000 two-wheelers, a year-on-year growth of 43 per cent. During the year, TVS designed, developed and produced four motorcycle variants for specific segments of its international markets.

Royal Enfield is yet another two-wheeler brand that has seen its overseas brand acceptance grow steadily. "Our international business has been performing exceedingly well over the last few years and we have witnessed a strong growth momentum in markets outside India," a company spokesperson said, adding, "Over the past five years, we have invested hugely in growing our retail infrastructure across the world. Starting from one store in a city, Royal Enfield presently has over 150 exclusive stores and more than 660 multi-brand outlets in over 60 countries around the world."

In Thailand, Royal Enfield featured among the top three brands in the mid-size segment and was the top-selling motorcycle brand in New Zealand for June 2021 in the 250-1000 cc category. Its European market has grown 11 per cent in the past five years. "In the Americas (North America and Latin America), our sales have doubled almost every year since 2016, with a CAGR of over 70 per cent over the course of the last five years," the spokesperson said.

Africa and Latin America, where Bajaj Auto and TVS are early movers, are the two regions that have remained favoured export destinations and are expected to do well in the mid to long term. The duo accounts for 55-60 per cent of the exports from India, said CRISIL's Thakkar. The two-wheeler exports will easily achieve a compounded annual growth rate of 8-10 per cent over the next 5-7 years, he added.

Not everyone is as optimistic. "Most of the Latin American and African countries are struggling due to currency depreciation and high inflation. This will impact local demand and hence could impact exports adversely," said an analyst at a brokerage. Indeed, the weakening of most currencies against the dollar and persistent inflation sweeping the globe may play spoilsport for Indian two-wheeler makers as they seek to rev up their international business.

Business Line 19th July 2022

Honda overtakes Bajaj to seal second spot in motorbike sales

Sluggishness in commuter bike segment pulls down Bajaj's volumes

G BALACHANDAR
Chennai, July 18

Honda Motorcycle & Scooter India has emerged as Number 2 player in the motorcycle segment by displacing Bajaj Auto.

Continuing sluggishness in the commuter bike segment pulled down Bajaj's overall bike volumes.

During the first quarter of the current fiscal, Honda's total bike sales stood at 433,026 units, up from 223,860 units in the year-ago quarter. Bajaj's total motorcycle sales dropped to 308,159 units in Q1 of this fiscal compared to 341,559 units in the year-ago quarter. Hero remained the top player with total bike volumes at 12,46,827 units during the period.

In the post-Covid era, the two-wheeler market has not exhibited sustained recovery despite a favourable rural economy, which drives the bulk of the volumes in commuter bike segment. A significant increase (25 per cent plus) in price of new two-wheelers and very high prices of petrol led to sluggish demand.

In the post-Covid era, the two-wheeler market has not exhibited sustained recovery despite a favourable rural economy

Steep fall

As a result, Bajaj Auto, a major player in the commuter bike segment, saw a steep decline in its 110cc-and-below segment bikes at 93,552 units during the first quarter compared to 139,849 units in the second-wave hit Q1 of last fiscal. This segment accounted for 53 per cent of overall bike volumes.

As demand remains fragile, exclusion of the entry-level bike segment in the recent third-party insurance premium hike will be a relief for the industry as a further increase in the cost of acquisition could have constrained demand recovery . But, OEMs have announced further price hikes this month, which is likely to impact demand.

Positive growth

While there is hope for positive growth this fiscal, the motorcycle market has seen a premiumisation trend gathering pace as an increasing number of buyers prefer higher-powered bikes.

The two-wheeler makers have also been introducing newer models in higher CC bike segments to take advantage of the change in demand pattern.

Bajaj has also chosen to strengthen its focus on higher cc bike segments and has already vacated the kick start category in the entry bike segment. As part of its premiumisation strategy, it recently launched its all-new Pulsar N160, a 160cc bike with dual channel ABS. This new bike has been launched in a fast-growing category, which sells about 1.8 lakh units a quarter.

Demand recovery

Rating Agency ICRA is cautiously optimistic about two-wheeler demand recovery in FY23, amid multiple headwinds. Given the elevated ownership cost, the expectation of high general inflation and an increase in financing rates may dampen demand for discretionary goods.

While monsoon arrived in a timely manner, its progress and even distribution will be crucial for rural cash flows and demand sentiments. Nevertheless, easing chip shortage issues and softening commodity pressures, all coupled with a low base, may result in decent growth for the two-wheeler market in FY2023, it pointed out.

Business Line 22nd July 2022

2-wheeler recalls zoomed in FY22: MoRTH

OEMs recalled 8.64 lakh units in FY22, of which about 80 per cent was by Honda Motorcycle & Scooter India

S RONENDRA SINGH
RISHI RANJAN KALA
New Delhi, July 21

Two-wheeler manufacturers recalled a whopping 8.64 lakh vehicles in FY22, with Honda Motorcycle & Scooter India accounting for about 80 per cent. Comparatively, in FY21, hit by Covid, just 1,284 units were recalled and in FY20, 53,324 units.

Between April 1 and July 15 in the current financial year, the manufacturers recalled 1,60,025 two-wheelers, higher than in the two previous years combined.

According to the data, which is part of a reply to a question by Minister of Road Transport and Highways Nitin Gadkari in Lok Sabha on Thursday, original equipment manufacturers also recalled 4,67,311 cars in FY22, compared to 3,38,652 cars in FY21 and 1,61,597 in FY20. Between April to July 15 in FY23, the manufacturer recalled 25,142 cars.

BusinessLine spoke with several industry veterans, who pointed out effective April 2021, MoRTH has made it mandatory for all companies, including unlisted ones, to share the recall data with SIAM and the Ministry and put the data up on their websites.

Data base expanded

Previously, "Non-listed companies could escape it (not reporting publicly), but for how long? Society of Indian Automobile Manufacturers' (SIAM) Voluntary Recall Code mandates companies to share any recall data, which in return it has to share with the government, mandatorily," one of industry veterans explained. SIAM periodically shares the total number, with class/type of vehicles recalled in the country. MoRTH has also decided the maximum penalty an automaker will have to pay in case of a mandatory recall. A mandatory recall of over six-lakh two-wheelers and over one-lakh four-wheelers will attract a penalty of up to ₹1 crore. And in the case of vehicles carrying over nine passengers and heavy vehicles, the automaker will have to pay a penalty of up to ₹1 crore if 50,000 units are recalled.

Apart from HMSI, Royal Enfield also recalled a total of 2,55,966 motorcycles in May and December 2021

Honda tops the chart

The Honda two-wheeler recalled Activa 5G, Activa 6G, Activa 125, CB Shine, Hornet 2.0, X-Blade, H'Ness CB 350 and the CB 300R.

Apart from HMSI, Royal Enfield also recalled a total of 2,55,966 motorcycles in May and December 2021. The models included Classic 350, Classic 350 EFI and Meteor 350 manufactured between December 2020 and December 2021, due to defect in drum brakes, ignition coil which could cause probable misfiring, reduced vehicle performance.

Back to the factory

Financial year	Two-wheelers	Passenger cars
2019-20	53,324	1,61,597
2020-21	1,286	3,38,652
2021-22	8,64,557	4,67,311
2022-23 (April 1-July 15)	1,60,025	25,142
Total	**10,79,192**	**9,92,702**

Source: Ministry of Road Transport and Highways

Four-wheelers recalled

In the four-wheeler segment, Mahindra & Mahindra recalled a total of 33,058 units of models including Bolero, Scorpio and the all-new Thar manufactured between September 2020 and July 2021 due to minor defects in engine compartment, premature wear of engine and engine camshaft.

Others included 75,305 units of Renault Triber, Hy undai Kona electric, Marut Suzuki Eeco, Toyota Kirlos kar Urban Cruiser and lux ury vehicles include various models of Mercedes Benz (10,712 units) and BMW (8,986 units).

Gadkari informed the House that section 110A o the Motor Vehicles Act, 198 is related to recall of moto vehicles. It empowers the Centre to direct a manufac turer to recall moto vehicles of a particular type or its variants if a defect in that particular type of mo tor vehicle may cause harm to the environment or to the driver or occupants o such motor vehicle or othe road users.

"A defect in that particu lar type of motor vehicle has been reported to the centra government by (i) such per centage of owners, as the central government may, by notification in the Officia Gazette, specify; or (ii) a test ing agency; or (iii) any othe source," the Minister added

Business Line 16th July 2022

BMW Motorrad sees demand growing for high-end motorcycles in India

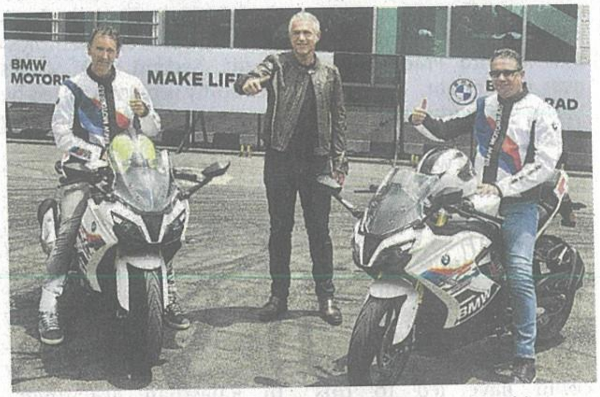
From 200 units five years ago, the company sold over 5,000 units last year

S RONENDRA SINGH
New Delhi, July 15

BMW Motorrad, the two-wheeler arm of German luxury carmaker BMW Group, on Friday said there is more demand for high-end motorcycles in India and it hopes to grow its market in the country.

The company launched G 310 RR bike in India at ₹2.85 lakh (ex-showroom) and another trim G 310 RR Style Sport priced at ₹2.99 lakh (ex-showroom).

"Our biggest market is Germany followed by the US, France, Italy and China for our entire motorcycle range and not only the G 310 RR. And, we expect some shift happening to India as well in the future,"



(from left) Markus Mueller-Zambre, Head of Region Asia, China, Pacific & Africa at BMW Motorrad; Stephan Reiff, V-P - Customer, Brand, Sales, and Vikram Pawah, President, BMW Group India, at the launch of BMW G310 RR in Gurugram, Haryana, KAMAL NARANG

Markus Mueller-Zambre, Head of Region Asia, China, Pacific and Africa at BMW Motorrad, told *BusinessLine* on the sidelines of the launch here.

He said the company is also seeing a robust growth in motorcycle business in India since it started manufacturing the G 310 series in the country around five years ago.

"Five years ago, the team India here sold around 200 units, but last year it sold over 5,000 units, so it is multi-fold growth...we don't see that in all markets in other parts of the world unfortunately. So in that sense, India is an important market strategically. The Indian team doubled the volume last year which no other market could," Zambre said.

Unique experience

On competition from other brands like Bajaj Auto, Honda Motorcycle & Scooter India and TVS Motor (in the 200cc and above range), he said competition is good, but BMW gives unique experience to customers and that helps sales grow.

"We value our competitors. BMW Motarrad is entering into a universe of unique experience. Dealers are also enthusiastic of what we offer to the customers and provide best of after-sale services," he added.

The bike has been jointly developed by BMW Motorrad and TVS Motor Company at the latter's Hosur (Tamil Nadu) factory along with G 310 R and G 310 GS.

Also read p7

Business Line 16th July 2022

Hero MotoCorp charts three-pronged strategy for electric mobility play

First Vida electric two-wheeler will be launched in H1 of this fiscal

G BALACHANDAR
Chennai, July 15

India's leading two-wheeler brand Hero MotoCorp Ltd has indicated that it has worked out a three-pronged strategy to make its presence felt in the electric mobility segment.

"This year will see Hero MotoCorp claim its position in the exciting clean mobility space in a bold *avatar*. Hero MotoCorp will transform its leadership in the internal combustion engine (ICE) market into the electric vehicle (EV) space – globally!" Pawan Munjal Chairman & CEO, Hero MotoCorp, said in the company's annual report for 2021-22.

The ₹29,802-crore company a clear plan for developing an expansive bouquet of electric mobility solutions and services.

Pawan Munjal, Chairman & CEO, Hero MotoCorp

Its three-pronged approach for electric vehicles includes, first and foremost, building a portfolio through internal projects at its R&D hub, secondly through Hero Hatch, its internal incubation centre, and thirdly through the company's collaborations with external entities.

All its initiatives for emerging mobility solutions will be introduced under the brand Vida – powered by Hero, starting with an electric product. The company's first in-house electric two-wheeler will be launched in the first half of this fiscal.

The production of the Vida models will be done at its 'green' manufacturing facility in Chittoor, Andhra Pradesh. The electric vehicle will be sold in India and global markets, including Europe and Latin America.

The company plans to develop and build a line-up of EV products, to offer mobility solutions to a diverse customer base around the globe. It will stay invested in capability building, both in-house and through partnerships with global players, to capitalise on their unique strengths.

Leveraging partnerships

"We continue to leverage our partnerships to strengthen our capabilities. With our partnership with Gogoro Inc. of Taiwan, we will bring the largest battery-swapping network to India. We are also in discussions with Bharat Petroleum Corporation Ltd to set up battery charging infrastructure for EVs across the country. With the investment in Ather Energy, starting from 2016, Hero MotoCorp is also accelerating its electric journey and bringing sustainable mobility solutions that deliver value to our stakeholders," said Munjal.

Innovation and tech

Hero has built a Centre of Innovation and Technology (CIT) in Jaipur, India and the Tech Centre Germany (TCG) near Munich. Global automotive experts and engineers from around the world are constantly engaged at the R&D centres for the design and development of future mobility solutions. The company has invested ₹616 crore in building the two R&D facilities, which together employ about 1,150 engineers.

PRESS REPORTS
ON
COMMERCIAL VEHICLE

The Economic Times 19th July 2022

Daimler Exploring Clean Fuel Options for Indian Market

Co had bet on hydrogen fuel cell or EVs, but is watching transition to CNG closely: India MD

Ketan.Thakkar
@timesgroup.com

Mumbai: Daimler India Commercial Vehicles (DICV), the local arm of the world's largest truck maker, is continuing its strategy to tailor products for the domestic market's needs and is now exploring a range of cleaner fuel options right from CNG, biodiesel, hydrogen fuel cell and electric trucks and buses for the same.

"We know we have to shift towards carbon-free mobility. We know we have to shift from a product organisation to a mobility organisation for the next 5-10 years and all key pieces are being put in place right now. We believe that industry will move away from diesel to biodiesel, gas, electric and hydrogen fuel cell and for a certain point of time, all three of them will co-exist," Satyakam Arya, MD of Daimler India Commercial Vehicles, told ET.

Arya said Daimler had placed a long-term bet on hydrogen fuel cell or EVs, but the company is watching the transition to CNG very closely. "CNG was not part of our global plan, but it appears in a country like India, CNG will have a role to play in the coming 10-20 years, so we will have to work on our solution too," he added.

The intermediate and medium commercial vehicle segment — 9 to 25 tonnes — has started witnessing CNG penetration in excess of 25% with diesel prices rising consistently. With the expansion of CNG filling station infrastructure across the country, the acceptability has risen and DICV is missing out on the shift currently due to lack of alternatives in the space.

We have to shift from a product organisation to a mobility organisation and all key pieces are being put in place right now

SATYAKAM ARYA
MD, DICV

On the powertrain options for the future, without defining the specifics, Arya said different segments will be dominated by different fuel choices spread over a time period and DICV is working on a range of options. "For the last-mile segment, we believe that shift away from diesel will happen faster with CNG and EVs. There is a case for all EV trucks with a range of 500 km per trip, beyond that hydrogen fuel cell is ideal. Globally, Daimler is moving towards all EVs and hydrogen fuel cell; India's plans are aligned to global plans with local solutions," assured Arya.

The company has completed 10 years of operation in the country. Reviewing the performance of the last decade, Arya said DICV has achieved everything beyond its volumes target, but with a strong tailwind, the company hopes to utilise the plant capacity within the next few years.

PRESS REPORTS
ON
TRACTORS

The Economic Times 26th July 2022

M&M Plans New Tractor Facility in Brazil as Part of its Global Push

Auto co sees its volumes doubling in the country in a few yrs, which calls for a local base: Top exec

Ketan.Thakkar@timesgroup.com

Mumbai: As part of its strategic global expansion, Mahindra & Mahindra, the world's largest tractor maker, plans to set up an assembly plant in Brazil — the sixth largest tractor market on the planet.

With a manufacturing or assembly base in US, Turkey and India, three of the top five tractor markets, the maker of Arjun and Novo tractors sees its volumes doubling in Brazil in the next few years and hence it is increasing its footprint with a local manufacturing base, said Hemant Sikka, president for the farm equipment business at Mahindra & Mahindra.

Annually, about 54,000 units are sold in Brazil, almost a two-third of the market is up to 110 horsepower, which is the mainstay for Mahindra & Mahindra. In a short span of time, Mahindra has already grabbed about 5% of the market.

"We are doubling down on Brazil, I'm very bullish about our prospect in the market. In the current global scenario, Brazil has become a major source of food grain exports and is like the breadbasket of the world. There is large agri exports potential from the country. We have doubled our market share and we hope to grow it further with the new assembly plant," added Sikka.

Tractor is Mahindra Group's flagbearer in the global markets. Apart from Brazil, Mahindra recently took over the sales and marketing of tractors in South Africa from its distributor to itself to have a sharper focus. It is currently formulating a plan to expand into South America and Africa.

With the new generation K2 platform from Mitsubishi Agricultural Machinery and Armatrac brand of Tractors from Erkunt - Turkey, Mahindra wants to penetrate deeper into Western Europe and SouthEast Asia in the coming years. To be sure, the international business accounts for a third of the company's total turnover. Its subsidiaries in Japan and North America combined today account for a billion dollars in revenues.

> We are doubling down on Brazil. We have doubled our market share and hope to grow it further with the new plant
>
> **HEMANT SIKKA**
> President, Farm Equipment Business, M&M

PRESS REPORTS ON COMPANY NEWS

Business Line 27th July 2022

'Will have multiple launches across segments in 1-2 years'

Bajaj Auto hopes to introduce Triumph bikes next year; will bring off-road GasGas motorcycles, too, MD Rajiv Bajaj

SWARAJ BAGGONKAR

Mumbai, July 26

Bajaj Auto is gearing to launch a series of products across segments over the next 12-20 months, including the first motorcycle under the Triumph partnership and a new entry segment motorcycle that would look to challenge the dominance of the leader, Hero MotoCorp.

The Pune-based company will also be expanding its tie-up with its Austrian partner KTM that could possibly see the company bringing the off-road motorcycle brand GasGas to the Indian market besides getting into electric bicycles.

Speaking to shareholders virtually at the 15th annual general meeting, Rajiv Bajaj, MD of Bajaj Auto, promised to get 'one new Chetak every year' to the market. The Chetak is Bajaj Auto's first all-electric product, launched in early 2020. The company claims to have an order bank of 16,000 units for the model.

New budget bike

Perhaps the most ambitious plan of the company is to challenge market leader Hero MotoCorp in its home turf, which is the budget motorcycle segment. Bajaj Auto is developing a yet another solution for this segment which will be launched in FY24.

Rajiv Bajaj, MD, Bajaj Auto

"We need to do something dramatically different and if we are to carve out a sizable segment for ourselves within this, that is half the motorcycle segment. We have a tangible idea on how we would like to address this challenge and in the next financial year, we hope to introduce this product. It is well into development and we are on our way to execute for India and relevant global markets," Bajaj said.

Premium bikes

As for Bajaj Auto's partnership with KTM, both companies have agreed to expand the realm of their participation. "Our idea has been to elevate our participation in the last few months from KTM level to the Pierer Bajaj AG (PBAG) level — the holding company level, so that we now participate across all business activities that PBAG spans. In simple words, it means KTM's partner for KTM, Husqvarna, Gas Gas and e-bicycles," Bajaj added.

"Over the next 20 months, the entire portfolio of KTM and Husqvarna will be progressively renewed and we will see some introductions, hopefully, in the brand GasGas and maybe even in terms of e-bicycles," Bajaj added.

Bajaj's Probiking business, which presently has KTM, Husqvarna and Dominar brands, will enlarge to include the premium British brand Triumph Motorcycle. The company is setting up a new factory to make premium motorcycles next to its existing plant at Chakan, Pune. This new plant will make Triumph bikes as well.

"We have been working with Triumph for the last few years. I am happy to confirm that if there are no further supply chain disruptions, we should see the introduction of Triumph Motorcycles in 2023," Bajaj added.

Chetak

Bajaj mentioned that the company has seen a strong response for its only electric scooter, Chetak, and plans are afoot to expand the portfolio.

"We will have at least one new Chetak every year, this also includes the work we will do for Yulu, a company that has pioneered micro mobility. All the products that we develop in the Chetak portfolio will be relevant not just to this market but all the global markets too," Bajaj added.

Business Line 29th July 2022

Maruti gets close to one lakh bookings for its two new SUVs

Will strive to strengthen SUV portfolio to dominate the segment, says CFO

G BALACHANDAR

Chennai, July 28

Top carmaker Maruti Suzuki India Ltd (MSIL) has received close to one lakh bookings for two of its recently launched SUVs in a big boost to the company's plan to increase its presence and market share in the fast-growing SUV market.

"The response to the all-new Brezza has been overwhelming and it has secured about 70,000 bookings in a short span of time," Ajay Seth, Chief Financial Officer, MSIL, told the Q1 FY23 conference call. More than 50 per cent of the bookings for Brezza are for the top two premium variants, indicating buyers' interest in a host of advanced tech features.

Its new mid-segment SUV, Grand Vitara, which was conceptualised, designed and developed by Suzuki and will be produced by the Toyota factory in Bengaluru has garnered more than 20,000 bookings and close to half of the bookings are for the 1.5L intelligent electric hybrid variant (on-road price yet to be known).

Fuel efficiency

The company bets on this model as it will be the most fuel-efficient SUV in the market. The variant will run on a battery for most of the time, and can switch to gasoline later during which the battery will get charged, thereby avoiding the need to look for a charging station. Grand Vitara will also be exported to many overseas markets.

"The company will strive to strengthen its SUV portfolio to dominate the segment just like all other segments," said Seth. The company's total order book stood at about 3.5 lakh units as of June 2022, up from 2.28 lakh units as of March.

The new Grand Vitara garners over 20,000 bookings; close to half of the bookings are for the electric hybrid variant

Production volumes

The shortage of electronic parts has limited the company's production volumes and as a result, it lost production of about 51,000 units during the first quarter of this fiscal. The teams are working to maximise the production with available semiconductors. The company has also finalised the 800-acre manufacturing site in Haryana. The first factory is expected to be ready by 2025.

Business Line 21st July 2022

Citroen launches C3 at ₹5.7 lakh

OUR BUREAU

Chennai, July 20

Citroen India, part of Europe's Stellantis Group, has launched the C3 "hatchback with SUV styling" at an introductory price of ₹5,70,500 (ex-showroom Delhi).

The C3 is pitted against models such as Maruti Baleno, Hyundai i20, Renault Kiger, Nissan Magnite and Tata Punch.

C3 deliveries will start from July 20 at La Maison Citroën phygital showrooms across the country.

With 90 per cent of the manufacturing material sourced locally, , the C3 is the first in the C-cubed family of vehicles produced at Citroen India's Thiruvallur factory near Chennai, a company statement said.

The sub-four metre India-built C3 comes with two engine options: 1.2L Puretech 110 and 1.2L Puretech 82

Customisation

The sub-four metre C3 comes with two engine options: 1.2L Puretech 110; and 1.2L Puretech 82. It offers a choice of 10 exterior colour combinations, and three packs with 56 customisation options. The six available variants are priced between ₹5.7 lakh and ₹.8.05 lakh (ex-showroom Delhi).

"The India launch of the new Citroën C3 is a very proud moment for all of us at Stellantis. With this launch, Citroën enters the mainstream B-hatch segment in India and we are confident the new C3's customised comfort USP will make it attractive and unique for consumers. This is our first model from the C-cubed family of vehicles that is designed and engineered in India, for Indians," said Roland Bouchara, CEO and Managing Director, Stellantis India.

The La Maison Citroën phygital showrooms are in 19 Indian cities — New Delhi, Gurgaon, Mumbai, Pune, Ahmedabad, Kolkata, Bengaluru, Hyderabad, Kochi, Chennai, Chandigarh, Jaipur, Lucknow, Bhubaneswar, Surat, Nagpur, Vizag, Calicut, and Coimbatore.

The vehicle can be bought directly from factory, with doorstep delivery in over 90 cities, as Citroën is extending the option of direct online buying.

Ownership package

The company also offers the Citroën Future Sure package that allows customers to own a Citroën with a monthly payment starting from ₹11,999 (conditions apply). The package includes routine maintenance, extended warranty, roadside assistance and on-road financing for up to five years.

Business Standard 27th July 2022

Bajaj Auto: Exports boost net by 11%

SHALLY SETH MOHILE
Mumbai, 26 July

Bajaj Auto reported better-than-expected earnings for the quarter that ended in June over the corresponding period last year as higher realisation from exports which came on back of rupee's depreciation against the US Dollar, bumped up the overall margins. The share of exports in the company's total volumes (two and three-wheelers) during the quarter was 62 per cent.

A better export realisation helped the firm offset the loss in production volumes – as high as 40 per cent in the domestic market.

Net profit during the quarter rose 11 per cent year-on-year to Rs1173 crore in the June quarter over Rs1061 crore. When compared with the preceding quarter the net profit crimped to 20 per cent.

The quarter-on-quarter decline looks optically higher due to onetime exceptional gain of ₹315 crore (incentive receivable from the state government of Maharashtra for the period April 2015-March 2021) booked in Q4FY22, said a post earnings research note by ICICI Securities.

Revenue from operations rose 8 per cent year-on-year to Rs8005 crore over Rs7386 crore. A Bloomberg poll of analysts had estimated a net profit of Rs1109 crore from net sales of Rs7904 crore.

Even as the domestic volumes – led by a shortage of semiconductors facing the two wheeler business, dropped 1 per cent to 3,52,836 units against 357,137 units over the same period, a marginal decline in the two wheelers of 4 per cent and better realisation in exports revenue helped the company's profitability. As a result, its Ebitda (earnings before interest, tax, depreciation and amortisation) increased 100 basis points to 16.6 per cent from the year-ago-quarter. The gains were largely due to a favourable exchange rate.

Meanwhile, Bajaj Auto's domestic motorcycle volumes were severely constrained due to the chip shortage—a lot more than its peers in the industry, conceded Rakesh Sharma, executive director at the firm.

BETTER THAN EXPECTED ₹crore

	Q1FY22	Q4FY22	Q1FY23
Revenue from operations	7,217	7,728	7769
PBIDT	1,449	1,970	1616
PBIDT Margin (%)	20.1	25.5	20.8
Profit before tax	1,383	1,897	1,545
Net Profit	1,061	1,469	1,173

Compiled by BS Research Bureau; Source Capitaline

Business Line 21st July2022

Maruti Suzuki looks to beat Korean car-makers in mid-size SUV segment

OUR BUREAU
New Delhi, July 20

The country's largest passenger vehicle maker Maruti Suzuki India (MSIL) is eyeing the top position in the sports utility vehicles (SUVs) market despite tough competition in the segment which now has 56 models.

The company unveiled its first mid-size SUV 'Grand Vitara', which will compete with the likes of Hyundai Creta, Kia Seltos, Tata Harrier and MG Hector.

Currently Korean car-makers' subsidiaries Hyundai Motor India and Kia India dominate the mid-size SUV segment with Creta and Seltos models respectively.

Speaking to mediapersons on the sidelines of the unveiling of Grand Vitara, Hisashi Takeuchi, Managing Director and Chief Executive Officer, MSIL, said the Indian automobile industry is undergoing transformational changes in terms of technology, customer preferences and purchasing power. "In the last few years, we have seen a growing preference for SUVs. The segment contributes to almost 40 per cent of the total industry sales. Within this, mid-sized SUV segment contributes around 50 per cent," he said adding that the segment size is estimated to double in next 3-4 years.

Hisashi Takeuchi, MD and CEO, Maruti Suzuki India, at the launch of Grand Vitara SUV in Gurugram, Haryana, on Wednesday KAMAL NARANG

Grand Vitara is the first vehicle to be manufactured at Toyota Kirloskar Motor's facility in Karnataka as per the global joint venture between Toyota and Suzuki of Japan.

Grand Vitara features

The Grand Vitara will come with a 1.5-litre petrol powertrain mated with strong and mild hybrid technology, giving a fuel efficiency of 27.97 km per litre, making it India's most fuel-efficient SUV, the company said. The mild hybrid variants would offer 21.11 km per litre.

Other features include panoramic sunroof, head-up display, 360 view camera, various active and passive safety equipment and wireless charger, to name a few. MSIL will sell the model its 420 Nexa dealerships across the country.

Shashank Srivastava, Senior Executive Director (Marketing and Sales), MSIL, said, "The SUVs and multi-purpose vehicles (MPVs) now contribute around 49 per cent to overall passenger vehicle sales. The industry remains at a bit of standstill but the mid-sized SUV segment has grown by 45 per cent in the last three years."

The mid SUV segment stood at 5.4 lakh units last fiscal and now accounts for 18 per cent for the entire passenger vehicle segment, he said.

Business Line 28th July 2022

TaMo Q1 net loss widens 11% to ₹4,951 crore

Automaker suffers due to spike in commodity costs and loss in production

OUR BUREAU
Mumbai, July 27

Net loss of Tata Motors widened in the June quarter at the consolidated level due to a steep rise in commodity costs and loss in production due to shortage of semiconductors.

The Mumbai-headquartered company — owner of British brands Jaguar and Land Rover — clocked 11.25 per cent increase in net loss to ₹4,951 crore during the June quarter against ₹4,450 crore clocked in the same quarter last year.

Deferred tax assets

Despite a loss, a tax charge of ₹1,098.06 crore was incurred at Jaguar Land Rover as a result of inability to recognise UK deferred tax assets. Consolidated revenue from operations increased by 8.68 per cent to ₹71,228 crore against ₹65,535 crore posted in the same quarter last year.

Jaguar Land Rover volumes were constrained by ongoing semiconductor shortages, slower than expected new Range Rover and Range Rover Sport ramp-up and China's Covid-19 lockdowns.

Retail volumes flat

Retail volumes of the two brands were flat in the June quarter when compared with the March quarter, while wholesales was down by 6 per cent quarter-on-quarter due to production constraints. The company claimed to have an order bank of 2,00,000 units for the two brands.

Tata Motors clarified that its enhanced engagement including partnership agreements with key suppliers is improving visibility of chip supply. It expects the ramp-up

The company expects a strong revival in demand and chip supply to improve from the second quarter

to improve in the September quarter with the build rate for new Range Rover already double. The company is expecting 90,000 wholesales in the September quarter.

Cost inflation

PB Balaji, CFO, Tata Motors, said, "Demand is expected to remain strong; chip supply is expected to improve from Q2. Cooling commodity costs will improve margins. We aim to deliver strong cash flows from Q2 onwards."

Tata Motors is working to de-bottleneck supply constraints at JLR. It is aiming to effect price hikes and refocus actions to recover cost inflation to achieve 5 per cent EBIT margin and £-1 billion positive free cash flows in FY23.

At the stand-alone level, Tata Motors has already announced a capital expenditure of around ₹6,000 crore for FY23. The company's commercial vehicle business recorded a growth of 104 per cent in wholesale volumes during the June quarter on the back of increased activity in road construction, mining and growth in agriculture and e-commerce.

The growth in passenger vehicle business remained an outlier compared to the rest of the industry. Tata Motors' wholesale volumes more than doubled during the June quarter.

Balaji also mentioned that there has been no effect on demand for its electric vehicle range offered in India following the fire incident some weeks ago involving a Tata Nexon EV. "The DRDO has completed its probe. All data and discussion have been completed and reports have been filed by them. We are waiting for the experts to place their opinion on that. It has not had any impact on our sales and order book," Balaji added.

Business Line 28th July 2022

Maruti Suzuki Q1 profit vrooms 130% to ₹1,013 crore

Revenue up 49%; exports stood at 69,437 units — the highest ever in any quarter

OUR BUREAU
New Delhi, July 27

The country's largest passenger vehicles maker Maruti Suzuki India (MSIL) on Wednesday reported a net profit of ₹1,013 crore for the first quarter ended June 30, up 130 per cent year-on-year (YoY) against ₹441 crore in the corresponding period last year.

Revenue from operations also jumped 49 per cent YoY to ₹26,500 crore (₹17,770 crore).

"Performance in first quarter of FY2021-22 was affected by Covid related shutdowns and disruptions and hence a comparison of first quarter FY2022-23 with first quarter FY2021-22 is not on a like to like basis," the company said in a statement.

Revival in demand

The company sold 4,67,931 vehicles during the quarter. Sales in the domestic market stood at 3,98,494 units and exports were at 69,437 units — the highest ever in any quarter. During the same period previous year, MSIL had sold a total of 3,53,614 units including sales of 3,08,095 units in domestic market and 45,519 units in export markets.

MSIL said some of the positive factors include relatively better sales volumes leading to improved capacity utilisation, cost reduction efforts

and selling price increase. And, negative factors included "adverse commodity prices, lower non-operating income and higher advertisement expenses".

Also, the company said shortage of electronic components in this quarter resulted in about 51,000 vehicles not being produced and pending customer orders stood at about 2,80,000 vehicles at the end of the quarter. The company continued to work on cost reduction efforts to minimise the impact on customers, it added.

Positive outlook

According to analysts, the production levels for the company are improving month-on-month as the chip issue is largely resolved.

"The company has addressed white spaces in its portfolio through the launch of Brezza and Grand Vitara. However, market share gains remain key for Maruti, due to the competitive intensity in the utility vehicle space. We expect entry-level demand momentum ahead of the festive season," Mansi Lall, Research Associate at Prabhudas Lilladher, said.

Mitul Shah, Head of Research at Reliance Securities, said the domestic passenger vehicle industry is expected to record double digit volume growth in FY2023 and FY2024, which would support MSIL's business.

"Moreover, sales of premium products would further increase. MSIL would enjoy the benefit of higher market shares in CNG variants, as preference for CNG vehicles has been rising...expected healthy passenger vehicle sales over next two years owing to low penetration and rising affordability, strong products portfolio across markets, strong return ratio and healthy balance sheet," Shah added.

Shares of MSIL closed at ₹8,660.05 apiece on the BSE on Wednesday — up 1.62 per cent from its previous close.

Business Line 26th July 2022

As semiconductor shortage persists, Yamaha focusses on premium products

Will affect market share, but only way of survival, says Chairman Chihana

S RONENDRA SINGH

New Delhi, July 25

Yamaha Motor India has said the semiconductor shortage still continues, even though it is improving, and that is why the company is focussing on manufacturing premium motorcycles and scooters, which are more profitable as well.

"So far, our company is managing by optimising the best option in a very tight supply of semiconductors ... In January, it was very low, but each month it is improving by 5-10 per cent. It is not perfect yet and we are suffering a bit because the premium models are using more number of semiconductors because of LCD meters or other devices," Eishin Chihana, Chairman, Yamaha Motor India, told *BusinessLine* recently.

That is, the company is managing production based on the number of available semiconductors every month and using them in more profitable models which are more in demand, especially in the motorcycle segment.

Eishin Chihana, Yamaha Motor India Chairman KAMAL NARANG

Market share affected

"For instance, last year, if we had 100 pieces of semiconductors, we were using 60 per cent for motorcycles and 40 per cent for the scooters. Producing motorcycles is more profitable than manufacturing scooters for Yamaha, not only for us but for the dealer network as well. This year, we are changing the model mix — if there are 100 pieces of semiconductor, we are putting 70-80 per cent to motorcycles and only 20 per cent on scooters," Chihana said.

Having said that, he also added this is affecting the company's market share partly, but that is the only way to survive because of the limited supply of the semiconductors.

Production capacity

Yamaha Motor India has two plants situated in Surajpur (Uttar Pradesh) and Kancheepuram (Tamil Nadu), where it manufacturers motorcycles, including R15 and FZ series, and Fascino and Rayzr series of scooters. Both the plants put together, the company has a capacity of 15 lakh units per annum, including for exports and the company is utilising only 55 per cent of the total capacity right now, Chihana said.

"Up to 2025, I think we don't need to make a new investment (on expansion of capacities), as we may reach up the maximum level of production capacity by then, and we may have to invest after 2026," he added.

Business Line 23rd July 2022

Tata Motors bags order for 1,500 e-buses from DTC

OUR BUREAU

New Delhi, July 22

Tata Motors on Friday said it has bagged an order for 1,500 electric buses from the Delhi Transport Corporation (DTC) under a larger tender of the state-run Convergence Energy Services (CESL).

"Tata Motors will supply, operate and maintain air-conditioned, low-floor, 12-metre fully built electric buses for 12 years, under the contract. Tata Starbus electric buses offer sustainable, eco-friendly and economical public transportation. The buses are equipped with modern features to enable safe, smooth and comfortable travel," the company said in a statement.

Tata Motors Vice-President (Product Line - Buses) Rohit Srivastava said, "We're delighted to have won the largest order for electric buses by DTC. The delivery of these buses will further fortify our partnership with DTC and help in environment-friendly mass mobility for Delhi. We are committed to modernising public transportation in India and keeping sustainability at the core in designing futuristic vehicles."

CESL MD & CEO, Mahua Acharya, said, "We are extremely happy that DTC has placed its largest order for electric buses under the Grand Challenge of CESL."

Business Line 22nd July 2022

Bharat Forge expects e-mobility, defence plays to gather momentum this fiscal

Company buoyed by rejuvenated global operations that promise better margins

G BALACHANDAR

Chennai, July 21

Bharat Forge Ltd, a leading engineering and auto parts maker, expects its new business segments such as e-mobility and defence to gain traction from this fiscal.

While the Pune-headquartered company expanded its core business over the years, it has also diversified into several new segments, of which some are adjacent categories and some are areas where the company saw good synergy with its core strengths.

It expanded to markets such as e-mobility, lightweighting, defence and aerospace.

The defence and e-mobility businesses are starting to witness meaningful traction with successful firing trials of the ATAGS (Advanced Towed Artillery Gun System) and the receipt of maiden order for the supply of power electronics to a leading Indian CV manufacturer, BN Kalyani, Chairman & Managing Director of the company, said in the company's latest annual report.

BN Kalyani, Chairman & MD, Bharat Forge

Steady progress

He said the company is making steady progress in defence space.

The company has received repeat orders for armoured personnel vehicles and recently supplied vehicles to the Indian Army.

Besides, many other products and platforms are now playing out and impressing the armed forces, including the artillery platform where the company has successfully completed final army trials. "We expect things will start falling into place in the coming 12-24 months," he added.

The $1.4-billion Bharat Forge has also made tremendous progress in the e-mobility segment. "What pleases me the most over the past year has been the organic work we have done in our R&D centre and the build-up of the organisation structure.

"The coming years will see these bear fruit, starting as early as FY23 itself. I am confident that FY23 should mark the maiden year of revenue contribution from our e-mobility vertical," he added.

New products in EV space

In this fiscal, it plans to launch a suite of products and sub-systems for EV application. Its subsidiary Tork Motors has also launched its e-motorbike Kratos with a 2,000-strong order book. "Before effecting deliveries, Tork is taking added precautions in terms of safety testing," he pointed out.

Meanwhile, the company has seen revitalised international operations. A combination of product and cost rationalisation, focus on productivity and investment towards a more favourable product mix will hopefully result in sustainable 10 per cent plus margins going forward. Historically, this stood at an average of 5 per cent.

New US facility

The company has also commercialised a new greenfield facility in North Carolina, US. The US unit, along with the facility in Germany, will cater to the aluminium forgings requirements for global marquee OEMs.

"These facilities will play a key role in enhancing the Group's presence in the EV transition globally. Interestingly, we are witnessing higher inquiries than originally," he said.

Business Line 27th July 2022

Rane Brake Lining sees significant rise in net profit

OUR BUREAU

Chennai, July 26

Auto parts firm Rane Brake Lining has reported a jump in its net profit to ₹5.8 crore in the quarter ended June 30, 2022, compared with ₹1.7 crore in the year-ago quarter, supported by a favourable demand in the automotive market. The total net revenue of the company grew 45 per cent to ₹142 crore (₹98 crore).

Sales to OE customers grew 36 per cent in Q1 FY23, supported by strong demand across vehicle segments, while aftermarket volumes grew 93 per cent. The company's EBITDA was at ₹12.5 crore (₹7.2 crore), while its EBITDA margin was higher at 8.8 per cent (7.4 per cent), supported by higher volumes and improved operational performance. Commodity price increases limited the profitability improvement.

'Cautiously optimistic'

"Higher volumes and improved operational performance helped drive profitability.

L. Ganesh, Chairman, Rane Group

The demand environment in India looks encouraging for the upcoming quarter. We remain cautiously optimistic given the evolving economic situation globally," said L Ganesh, Chairman, Rane Group.

Business Line 29th July 2022

TVS Motor plans over ₹1,000-cr outlay for capex, investments in subsidiaries

Reports highest-ever quarterly revenue, EBITDA, PAT in Q1

G BALACHANDAR

Chennai, July 28

TVS Motor Company has indicated a total spend of about ₹1,150 crore this fiscal, which will include capex and investments in subsidiaries, while announcing its Q1 FY23 results.

The company has proposed a capex of ₹750 crore this fiscal, which it will use to continue investing in new products, technology and capacity ramp-up. The company is planning a series of new products, including electric two and three-wheelers in the coming months.

The company is likely to invest ₹300-400 crore in its subsidiaries such as TVS Credit Services and Norton, a premium bike brand. It will invest in TVS Credit to maintain capital adequacy norm, while there will be some investments in Norton for its capex programmes.

> Next 24 months will be an important phase as we will roll out a new set of products across segments
>
> KN RADHAKRISHNAN
> Director & CEO, TVS Motor Company

Improving sales

While TVS Motor expects the recently launched 225cc motorcycle Ronin to create its own segment, it is seeing improving sales for scooters such as Jupiter and NTorq. Radhakrishnan also said its electric scooter iQube has been reporting a month-on-month increase in volumes. In Q1, the company sold about 9,000 units of iQube. The company hopes to reach monthly volumes of 10,000 units gradually in the coming months.

The company expects its exports to stay strong but sees some temporary disruptions in terms of high inflation and depreciation of the currency in some markets. "We are cautiously optimistic. These are short-term issues, but we are confident of growing better than the industry in those markets due to growing requirements for mobility," he added.

Stellar Q1

Meanwhile, the company ended Q1 with the highest-ever revenue, EBITDA and profit after tax. It recorded an operating revenue of ₹6,009 crore (₹3,934 crore in the year-ago period). EBITDA stood at ₹599 crore (₹274 crore), while PAT was at ₹321 crore (₹53 crore). The numbers are not strictly comparable with the year-ago quarter due to lockdowns then.

Radhakrishnan said the expected normal monsoon would help improve the rural economy and thereby drive two-wheeler volumes. Also, the upcoming festival season will drive volumes for two-wheelers, he added.

Business Line 30th July 2022

Saint-Gobain India plans massive expansion, targets ₹30,000-crore revenue by 2030

G BALACHANDAR

Chennai, July 29

French glass and building material major Saint-Gobain has chalked out an ambitious growth strategy for India, one of its high-growth markets, with a massive investment outlay of ₹6,000-8,000 crore. The company aims to generate a total revenue of ₹30,000 crore by 2030, an increase of 2.5 times from the current revenue.

During the first half of this calendar year, Indian operations of Saint-Gobain had the best record of growth. Globally, the Saint-Gobain group grew an impressive 15 per cent during H1 of 2022, but Indian operations grew 40 per cent.

'Grown massively'

"Between 2009 and now, Indian economy grew by 10 per cent. It came down during Covid, resumed to a normal level and now it is moving up. But, our turnover grew by 60 per cent as compared with 2019 figures. Thus, in H1 of this calendar year, we clocked an average rate of more than ₹12,000 crore per annum as compared with ₹7,500 crore in 2019. Notwithstanding the disruptions caused by Covid, we have grown massively during this period," B Santhanam, CEO, Asia Pacific & India Region, Saint-Gobain, told *BusinessLine*.

B Santhanam, CEO, Asia Pacific & India Region, Saint-Gobain

Solid employee engagement, continued investment in expansion and mergers and acquisitions for long-term growth and digital transformation have helped the company sustain strong growth, he added.

"Saint-Gobain has been investing ahead of time and we stayed invested in new capacity and acquisitions. Between 2021 and 2025, we have planned investments in the range of ₹6,000-8,000 crore. A major portion of it will be capex spend for greenfield and brownfield expansions and a small part, about 15 per cent, will be for mergers and acquisitions. Thirdly, like many good strong companies, we accelerated our digital journey during these challenging times," stated Santhanam.

In its India revenue, glass and glass solutions (including automotive, architectural, solar and others) account for about 50 per cent, gypsum solutions and construction chemicals account for about 25 per cent, ceramics and refractories segment contribute about 10 per cent, abrasives account for 10 per cent and life sciences business contribute about 5 per cent.

Building material segment

Santhanam said while all its businesses were growing well, building material space would provide significant opportunities for growth and the company was aiming at leading in the light construction material segment in India.

"Steel, cement and concrete are heavy construction materials. But we want to be in all other light material space and we already offer a wide range. Clearly, the lightness of the building and the low carbon footprint of the building will come from Saint-Gobain materials, he added.

PRESS REPORTS
ON
RAW MATERIAL

Business standard 18th July 2022

Tata Steel set to invest ₹12K cr in India & Europe, says Narendran

PRESS TRUST OF INDIA
New Delhi, 17 July

Tata Steel has planned capital expenditure (capex) of ₹12,000 crore on its India and Europe operations during the current financial year, the company's chief executive officer T V Narendran said.

The domestic steel major plans to invest ₹8,500 crore in India and ₹3,500 crore on the company's operations in Europe, said Narendran, who is also the managing director of Tata Steel.

On Tata Steel's capex plans for FY23, he said: "We have planned for about ₹12,000 crore of capex for the year of which about ₹8,500 crore will be spent in India and the balance in Europe."

In India, the focus will be on the Kalinganagar project expansion and mining activity, and in Europe, it will be focused on sustenance, product mix enrichment and environment-related capex, Narendran said.

The firm is in the process of expanding capacity of its plant in Kalinganagar, Odisha to 8 MT from 3 MT.

In addition to this, Tata Steel will be spending about ₹12,000 crore on inorganic growth in India in the NINL acquisition, he added.

Tata Steel's CEO Narendran said in India, the focus will be on the Kalinganagar project

Tata Steel, through its wholly-owned subsidiary Tata Steel Long Products, completed the acquisition of Odisha-based one Million Tonne Per Annum (MTPA) steel mill NINL for a consideration amount of ₹12,000 crore.

Elaborating on the European business, he said it has been divided into the Dutch business and the British business.

"This allows us to run Tata Steel as one integrated company with five major sites: three in India and two in Europe. This brings greater focus on each of our operating sites," he said.

GOVERNMENT POLICY

Business Standard 24th July 2022

Right to repair: Delhi's cellphone, auto markets quietly optimistic

AKSHARA SRIVASTAVA
New Delhi, 22 July

Inside the bylanes of Karol Bagh, New Delhi, is Gaffar Market — a world of its own. Rumour has it that there is no device that cannot be repaired here.

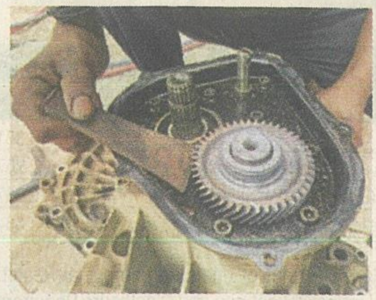
Repairing means two things at Gaffar: substituting the faulty electrical part with a cheap Chinese copy or replacing it with a working part from a refurbished device. This is how things have worked for years.

"Almost 90 per cent of the parts we use while repairing phones come from China. Some parts are original — in the sense that they are cannibalised from old, dead phones of the same brand," says Tanuj Khanna, who owns City Telecom, a mobile phone repair shop.

Now, as the Centre seeks to come out with a framework on "Right to Repair" to facilitate self or third-party repair of products, chances are that new, original products will be available in the open market and not be limited to authorised dealerships and service shops.

"No company provides parts, and what traders call original here are essentially working parts salvaged from refurbished phones," reiterates Pradeep Chaudhary, a former engineer with brands like Gionee and Micromax.

"Dealers refuse to sell us the original parts and I doubt if they will be willing to do so even if this provision is put in place. But if they do, it will be really beneficial for the customer who will no longer be restricted to specific shops to get phones or laptops



repaired," says Chaudhary.

"Not only will the options increase, but the repairmen will also be able to give authentic company bills for the services they are currently unable to provide," he adds.

Some 10 km from Gaffar Market, at the auto market in Mayapuri, the definition of repair remains more or less the same. The market deals in scrap — buying old cars from scrap yards and tearing them apart to salvage parts that can be used.

The smell of grease hangs heavy in the air. For an auto market, it is strangely quiet, save for the occasional car horn and the periodic sound of a spanner hitting metal.

Ashwani Kumar, who owns an auto shop in the area, isn't optimistic about the proposed Right to Repair regulatory framework. The Union government's proposed move, he says, will not make much difference unless strict laws are brought in to outlaw scrap dealing.

"If there is the option of buying cheaper parts, a significant share of people will go for it. If your car doesn't have a lot of years left, why would anyone buy a genuine product, which will be that much more expensive?" he says, adding, "The right can be good but it will make a real difference only if bought in tandem with abolishing scrap dealing altogether."

While there may be many benefits to customers, the move will take away any room for bargaining as the price points of parts will be fixed by the auto company, points out Harpal Singh, owner of another motor shop in the market.

At the adjoining Pankha Road auto market, garage and service shop owners claim genuine parts are already easily available, so the proposed framework doesn't make much difference to their business.

"I have faced no issue in procuring genuine products from companies like Maruti and Tata," says Raj Kumar Kapoor, owner, City Motors car repair shop.

At Auto Czar — Maruti Suzuki's outlet for genuine car parts — the move is welcome.

"It is always better to have genuine parts being used in your car, and the provision will increase their availability in the open market," says Saurabh Sharma, the outlet manager.

But if these parts are already available – as some say they are –what difference will the proposed framework make?

"The accessibility increases, and it also obviously helps our business," says Sharma. "In the one year since our store opened, our monthly sales have grown from ₹6 lakh to ₹20 lakh, which signifies that there is a clear demand for genuine products."

Business Line 28th July 2022

To draw investments, Gujarat announces five-year Semiconductor Policy

OUR BUREAU
Ahmedabad, July 27

The State government on Wednesday unveiled the "Gujarat Semiconductor Policy 2022-27" with subsidies on power, land and water tariffs for investments in semiconductor or display fabrication manufacturing.

Chief Minister Bhupendra Patel said the policy aims to develop an Electronics System Design and Manufacturing (ESDM) ecosystem.

First with dedicated policy

The India Semiconductor Mission, announced by the Centre, already has four policies providing support to semiconductor and display fabrication projects. The Gujarat policy focuses on guiding a significant portion of investments made under these ISM policies towards the State.

"Gujarat has become the first State to launch a dedicated policy for semiconductor and display manufacturing. The policy aims to generate about two lakh jobs in the next five years," Patel said in a statement.

A 'Semicon city' will be developed in the Dholera Special Investment Region (SIR) as a dedicated manufacturing hub for semiconductors and the display fab sector.

Gujarat will provide an additional 40 per cent of the capex assistance extended by the Centre for the projects approved under the ISM. Initially, one project each from semiconductor, and display fabrication will get support. In the case of multiple applications, a State-appointed high-powered committee will recommend the projects eligible for support. However, the projects approved under the Design-linked Incentive scheme of the Government of India will not be eligible to avail the benefits under the new policy.

Incentives

Eligible projects will get a 75 per cent subsidy on the procurement of the first 200 acres in the SIR, while additional land for upstream or downstream projects will get a 50 per cent subsidy on land cost. One-time reimbursement of 100 per cent stamp-duty and registration fees; a fixed water tariff at ₹ 12 per cubic metre for five years; and a capital subsidy of 50 per cent for desalination plants are the fiscal benefits under the new policy.

The policy offers a power tariff subsidy of ₹ 2 per unit for 10 years, while a project with a significant foreign direct investment component can avail a higher level of electricity subsidy. There is an exemption from electricity duty for all projects.

Business Line 21st July 2022

'Sustainability, ESG standards shouldn't be applied indiscriminately across countries'

Need to give allowance for variable pathways of developing countries: CEA

KR SRIVATS

New Delhi, July 20

Sustainability and ESG standards should not be applied "indiscriminately" across developed and developing countries even if the aim is to ensure only genuine green projects are funded, Chief Economic Advisor V Anantha Nageswaran said on Wednesday.

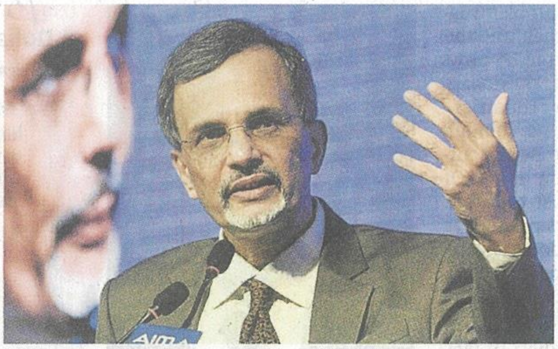
There is a need to make allowance for variable pathways of nations and recognise that developing countries are "not on the same boat" as the developed countries, Nageswaran said at Fintech Festival 2022 in the capital. The three-day fintech festival is being organised by Constellar and is supported by NITI Aayog and six central ministries.

Green projects

Nageswaran's remarks are significant as foreign investors looking to pump in money into green projects insist on adherence to the uniform applicability of such standards— Sustainability and Environment, Social and Governance (ESG) standards — irrespective of whether these projects are implemented in developed or developing countries.

"In the process of ensuring that only genuine green projects are funded, we exclude a lot of countries from receiving the kind of investments they need, and that would further compound the problem," Nageswaran said.

He was participating in a discussion at a session themed 'The I.C.E age is coming: How can we overcome the threats caused by inequality, climate and economic instability?'.



Chief Economic Advisor V Anantha Nageswaran KAMAL NARANG

Renewable energy

Nageswaran said that India has well laid out plans in terms of increasing the share of renewal energy in the overall energy mix by 2030, but it needed to design concrete plans for the path beyond 2030 and up to the committed targets by 2070.

He also highlighted the current trend of how in the wake of the conflict between Russia and Ukraine, the developed countries are looking to prioritise energy security over transition to green energy.

"Last 1-2 weeks we have so many countries postponing their plans to cut back on fossil fuel usage... they are reopening their coal fired power plants etc and German minister has said there is no question of phasing out internal combustion engine based cars till 2035. When push comes to shove, energy security becomes more important for every nation rather than the so-called green transition. So that can't be different for developing countries," Nageswaran said.

He said that every country does trade off its near and medium term priorities against their long-term priorities. "This current ongoing conflict in Europe has only compounded this trade-off.

"The focus has shifted from energy transition to energy security, even in Europe. So I think whatever balance that existed has become more unbalanced in the last 6 months or so," he added.

Tweaking operating model

Nageswaran also suggested that multilateral institutions like World Bank or the European Investment Bank should tweak their operating model and instead of direct lending, become risk managers to crowd in private capital." That would actually see amount of funding available globally grow exponentially," he said.

He suggested that these institutions must consider providing first-loss guarantee or back stops, which will lower the cost of funds for the private sector.

The Economic Times 21st July 2022

Centre Presses the Pedal on Safety, Calls on Auto Cos to Introduce 6 Airbags in Big Cars

Industry feels move could make vehicles expensive, but govt believes buyers can afford them

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New Delhi: The Centre has called a meeting of automobile industry stakeholders next week to discuss the roadmap for mandatory fitment of six airbags in all vehicles carrying up to eight passengers as part of the broader exercise to make Indian roads safer.

Sections of the industry have argued implementation of the norm will make four-wheeled vehicles expensive, putting them out of reach of entry-level buyers. But a top source in the government told ET that in a market where more than 80% of personal buyers opt for financing solutions, the additional cost would translate into barely ₹150 on equated monthly instalment plans.

Fitment of additional airbags would entail extra costs of ₹6,000-10,000 on a small car.

Industry estimates the cost of additional airbags will be ₹12,000-16,000. "Indians today are looking for comfortable, aspirational vehicles with the latest technology and safety features. Consumers are opting for SUVs. At the entry-level, they prefer larger pre-owned vehicles over new models with basic features. Will a buyer today not agree to pay ₹150 per month for safety?" said the senior government official, adding that New Delhi is working with the industry to find a mutually agreeable solution.

India ranks at the top globally in road accident-related fatalities and third in injuries, despite accounting for just 1% of the world's vehicle population. As many as 500,000 road accidents occur in the country annually, resulting in 150,000 deaths. Nearly 70% of those who die in road accidents are aged 18-45 years.

The official added that on regulations regarding mandatory fitment of airbags for enhanced passenger safety, India is 12-15 years behind other major other automobile markets.

"We want to ensure that the vehicles sold in the Indian market do not have diluted safety standards, but are on a par with global norms," said the official.

VARANI SAHU

As per data by automotive consulting firm Jato Dynamics, the penetration of vehicles with six airbags stands at 98% in the US and 12-13% in India. However, the average vehicle price in India is about ₹10 lakh — a third of the cost in the US. Ravi Bhatia, president, Jato Dynamics, explained, "There is merit in having six airbags in a vehicle for occupant protection. However, pedestrians and two-wheelers together account for 51% of road accidents in India." Efforts are being made to motivate and bring on board all manufacturers before notifying the final norms.

Earlier in January this year, the ministry of road, transport & highways (MoRTH) issued draft notification mandating vehicles of category M1, manufactured after October 1 2022, be fitted with two side/side torso airbags, one each for the persons occupying front row outboard seating positions, and two side curtain/tube airbags, one each for persons occupying outboard seating positions.

MISCELLANEOUS

Business Line 28th July 2022

Industry seeks early rollout of labour codes

Suggests staggered implementation to avoid delays, seeks deadline

SURABHI
New Delhi, July 27

Industry and employers have urged the government to roll out the four labour codes at the earliest, and even to go for a staggered or phased implementation, if needed.

This comes amid concerns that the four codes, aimed at simplifying and modernising the labour laws, have already been delayed and could face further delays as many States are yet to finalise their draft laws and more consultations are underway.

"The view is that the codes should be rolled out at the earliest so that the benefits in terms of formalisation of the workforce, ease of doing business and simplifying the regulatory ecosystem can begin to flow in. Any changes that are needed can be done once the codes are rolled out," said Rituparna Chakraborty, Co-founder and Executive Director, TeamLease.

She further pointed out that the Ministry of Labour and Employment has already done a lot of work to bring about the new codes and it would be disappointing if they were not rolled out now.

Lohit Bhatia, President, Indian Staffing Federation, also said it is important that the government gives a date or deadline for the roll out of the codes.

"We are encouraged by the Labour Codes. We have requested the Labour Ministry that if it is taking longer in implementation to roll them all out together, then they can launch the codes in a staggered manner," he said.

Domestic industry as well as international investors have been closely monitoring the progress of the four labour codes that have been in the making for the last few years. The government has codified 29 national labour laws into four codes, including the Code on wages, social security, occupational safety, health and working conditions, and industrial relations.

The Labour Ministry has indicated that it would like to implement the codes over the next few months and would ensure a mid-year roll out REUTERS

Delay in implementation

The Codes were passed by Parliament in 2019 and 2020 but faced a delay in implementation due to the Covid-19 pandemic.

Industry was hopeful that the codes would come into effect on April 1 this fiscal and is now hoping that they will be rolled out during the course of the current fiscal. A major concern is that with the 2024 General Elections not too far away, the roll out of the codes should not be delayed.

The Labour Ministry too has indicated that it would like to implement the codes over the next few months and would ensure a mid-year roll out.

The Minister of State for Labour and Employment, Rameshwar Teli, had recently informed the Rajya Sabha that, as per available information, 31 States and Union Territories have pre-published the draft rules under the Code on Wages, 2019; 26 on the Industrial Relations Code, 2020; on the Code on Social Security, 2020; and 24 States and UTs on the Occupational Safety, Health and Working Conditions Code, 2020.